



**Date:** May 15, 2015

**To:** Thomas J. Bonfield, City Manager

**Through:** Bo Ferguson, Deputy City Manager

**From:** Donald Long, Solid Waste Director

**Subject:** Amendment of Contract for Roll-Cart Services

### **Executive Summary**

The City contracted with Otto Environmental Systems (NC), LLC for the delivery, repair and maintenance of roll-carts for the collection of residential waste, recyclable materials and yard waste in August 2012. The original contract was for a three year period ending August 5, 2015.

Approval of the contract amendment will extend the contract through August 31, 2018. The contract amendment includes a monthly fee of \$17,500 with an increase in the number of included services (deliveries, maintenance, repairs) from 1,200 per month in the existing contract to 1,500 per month in the amended contract. There is an additional charge of \$10.95 for each service beyond the included monthly allowance. The total cost per year, excluding extra services or fuel cost adjustments shall not exceed \$210,000.

The total cost of the amended contract for roll cart delivery, maintenance and repair shall not exceed \$630,000. Funding for this contract extension is available from the Solid Waste Residential Collections, Recycling Collections and Yard Waste Collection Funds (5400MM10-728600, 5400MM11-728600, 5400MM31-7286000).

### **Recommendation**

That the three-year contract amendment for purchase of roll-cart delivery, maintenance and repair be approved and the City Manager be authorized to execute the amendment.

### **Background**

The contract amendment under consideration will allow the Solid Waste Management Department to continue providing for the delivery, maintenance and repair of City-owned roll-carts used for curbside garbage, recycling and yard waste collections. The Solid Waste Management budget for FY 15-16 included funds for the contracted provision of roll-cart delivery, maintenance and repair services.

The original contract for roll-cart service was executed on August 6, 2012 with a term of three years. Otto Container Management, LLC of Charlotte, NC has agreed to continue providing roll-cart delivery, maintenance and repair services to the City of Durham under the terms of the proposed contract amendment. The amended contract includes an additional 300

services per month (increased from 1,200 to 1,500 per month) included in the base monthly fee of \$17,500.

The original contract included a provision for fuel surcharges should the cost of diesel fuel rise above an agreed upon baseline. The amended contract includes a provision for both fuel surcharges if diesel prices rise above an agreed upon baseline and a fuel discount if prices fall below the established baseline.

The amended contract also includes for provision of a one-year pilot program testing the use of radio frequency identification (RFID) tags installed in the City's roll carts. RFID tags allow for immediate close out of work orders for cart deliveries, repairs and maintenance services, as well as verification that carts are located at the correct address and identification of set-out rates for garbage, recycling and yard waste carts in neighborhoods. Set-out rates will provide invaluable information allowing identification of areas to target communication and education programs and to improve routing efficiencies over time. As part of the pilot program, the City will be responsible for a monthly service charge of \$150 required to grant the City access to an online web portal and hosted applications. The total cost to the City for the one-year pilot will be \$1,500.

### **Issues/Analysis**

In August, 2012, the City of Durham entered into a contract with Otto Container Management, LLC of Charlotte, NC for the delivery, maintenance and repair of roll-carts. The Administration is recommending approval of a contract amendment that includes a three-year extension of the amended cart service contract.

### **Alternatives**

Delivery of new carts and maintenance and repairs to existing carts are essential to the on-going operations of the Solid Waste Management Department. Should the City choose to not continue the service contract, these services could not be provided with existing in-house staff, and would have to be discontinued, leading to serious disruptions in service delivery to Durham residents.

### **Financial Impact**

The total cost of the contract is not to exceed \$630,000 over three years. Funding for this contract is available from the Solid Waste Residential Collections, Recycling Collections and Yard Waste Collection Funds (5400MM10-728600, 5400MM11-728600, 5400MM31-7286000).

### **SDBE Summary**

This is a contract amendment and is not reviewed for compliance with the Ordinance to Promote Equal Business Opportunities in City Contracting.

### **Attachments**

1. City of Durham Contract Amendment for Delivery, Maintenance and Repair of Roll-Carts